



# PORT OF KENNEWICK SPECIAL COMMISSION MEETING

JULY 20, 2021 MINUTES

Commission Meeting recordings, with agenda items linked to corresponding audio, can be found on the Port's website at: <https://www.portofkennewick.org/commission-meetings-audio/>

Commission President, Commissioner Don Barnes called the Special Commission Meeting to order at 1:02 p.m. via GoToMeeting Teleconference.

## ANNOUNCEMENTS AND ROLL CALL

The following were present:

**Board Members:** Commissioner Don Barnes, President (via telephone)  
Skip Novakovich, Vice-President (via telephone)  
Thomas Moak, Secretary (via telephone)

**Staff Members:** Tim Arntzen, Chief Executive Officer (via telephone)  
Tana Bader Inglima, Deputy Chief Executive Officer (via telephone)  
Amber Hanchette, Director of Real Estate and Operations (at Musser Bros.)  
Nick Kooiker, Chief Finance Officer (via telephone)  
Larry Peterson, Director of Planning and Development (via telephone)  
Lisa Schumacher, Special Projects Coordinator  
Bridgette Scott, Executive Assistant (via telephone)  
Lucinda Luke, Port Counsel (via telephone)

## PLEDGE OF ALLEGIANCE

Commissioner Barnes led the Pledge of Allegiance.

## APPROVAL OF THE AGENDA

***MOTION:*** Commissioner Barnes moved to amend the Agenda and add TRIDEC Letter of Support for Representative to Columbia Basin Collaborative following Item 10A\*

***MOTION:*** Commissioner Novakovich moved to approve the Agenda as amended; Commissioner Moak seconded. With no further discussion, motion carried unanimously. All in favor 3:0.

## AUCTION: KENNEWICK INDUSTRIAL PROPERTIES

All in attendance viewed the auction via GoToMeeting.

Commissioner Barnes anticipates the Executive Session will last approximately 10 minutes, Real Estate, Minimum Price, per RCW 42.30.110(1)(c) with action expected. Commissioner Barnes asked the public to notify Port staff if they will return after the executive session so staff can advise if the session concludes early.

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## RECESS FOR EXECUTIVE SESSION

*Commissioner Barnes recessed the Special Commission Meeting at 1:34 p.m. and convened the Executive Session at 1:36 p.m. for 10 minutes.*

## EXECUTIVE SESSION

*A. Real Estate, Minimum Price per RCW 42.30.110(1)(c)*

*Commissioner Barnes adjourned the Executive Session at 1:44 p.m.*

*Commissioner Barnes reconvened the Special Commission Meeting at 1:45 p.m.*

**MOTION:** *Commissioner Novakovich moved for approval of Resolution 2021-13 authorizing the Port's CEO to execute all necessary documentation associated with the land sale of Lots 1, 2, and 3 for \$800,000 and a 7.5% buyer's premium for Lots 1, 2, and 3 and to take all other action necessary to close this transaction; and further ratifies and approves all action by port officers and employees in furtherance hereof: Commissioner Moak seconded.*

### **Discussion:**

*Commissioner Moak stated the Port previously tried to sell this property but was unsuccessful due to zoning issues. Commissioner Moak stated this is a fair bid for the three parcels and this will give the Port monies to be able to work on other higher priority projects. Additionally, it takes off the roll of the Port from properties that were not doing much and created maintenance issues. Commissioner Moak appreciates the work staff had done to be able to get to this point where we were able to get these properties for sale. Commissioner Moak thinks the bid is a fair bid and one that he thinks the Commission should take.*

*Commissioner Barnes intends to take public comment since the Port is considering taking action. Without objectives from the Commission or staff, Commissioner Barnes called for Public Comment*

## PUBLIC COMMENT

No comments were made.

*Commissioner Barnes concurs with the remarks made by Commissioner Moak and stated this is a property that the Port has had for sale for some time. We thought we had the property sold, but there were some difficulties and Commissioner Barnes concurs with Commissioner Moak's remarks. This is land that has grown to be on the fringe of the Port of Kennewick's focus, and he thinks the private sector would be much better able to put this land to its highest and best use, to get it working and on the tax rolls and make it a productive investment. Commissioner Barnes certainly hopes it will be that for this perspective buyer. Commissioner Barnes supports this sale.*

*Commissioner Novakovich concurs with those comments and wanted to thank Ms. Scott and Ms. Hanchette for all the work they did and Scott Musser for getting us a price for these lots above the minimum that we were willing to accept. Commissioner Novakovich thinks we did very well and thinks turning this property over to the public is a good thing. Commissioner Novakovich concurs totally and supports the Resolution 100%.*

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*With no further discussion, the motion carried unanimously. All in favor 3:0.*

## **COLUMBIA GARDENS URBAN & WINE ARTISAN VILLAGE**

### **A. Property Owners Association**

Mr. Arntzen stated staff has been working on the property owners association documentation for Columbia Gardens. Mr. Arntzen stated we are at the 50% mark, and he wanted to brief the Commission to ensure staff is on the right track. Mr. Arntzen inquired if the Property Owners Association fees/dues assessment for common area maintenance should apply to property owners, as well as Port tenants. Common area maintenance charges benefit the entire development and are typically associated with property maintenance such as landscaping, maintenance, irrigation, etc. Staff estimated maintenance costs at Columbia Gardens at \$56,000 per year. Mr. Arntzen inquired if taxpayers should bear the cost to maintain Columbia Gardens, or should the cost be divided amongst the businesses that operate in the development.

Mr. Peterson stated staff is working with White Bluffs Consulting on the Property Owners Association for Columbia Gardens and there are several policy questions for the Commission to consider. For example, is the food truck plaza a separate enterprise that the Port receives revenue from, therefore, the expenses are tied to revenue received; however, the food truck plaza is not a financial winner, but it creates vibrancy in the development. Would that be something that the Property Owners Association would fund, or would the food trucks pay dues/assessments? The same could be said for the playground, especially if the City decides not to partner, who will pay for the maintenance and insurance, the Association or the Port.

Mr. Kooiker stated one of the items for the Commission to address is how to treat property owners and Port tenants. Moving forward, the Port can factor in Property Owners Association dues for lessees for new leases and renegotiate leases for current tenants. If the Port continues to lease property, there are advantages to keeping maintenance, because it is built into the cost of the gross lease. Additionally, there will be significant staff resources utilized to start and manage a Property Owners Association. Lastly, if there is a Property Owners Association, the Port would relinquish control over the property.

Ms. Hanchette reached out to current Port tenants regarding the possibility of a Property Owners Association, and they were not opposed to common area maintenance charges; however, their concern was how much the dues/assessments would be. Ms. Hanchette received one comment regarding the playground, that the Port is an economic development entity and not a parks and recreation agency and the Port should focus on economic development. Ms. Hanchette received a question earlier today that she needs to research, would the Washington State Liquor Control Board allow a playground near a site that served alcohol.

Commissioner Barnes stated Mr. Kooiker raised some good points about relinquishing the ability to maintain the property per Port standards. Furthermore, should the Property Owners Association include The Willows, Cable Greens and Clover Island? Commissioner Barnes appreciates the questions and stated he has seen how home owners associations operate and does not know if Owners Associations are efficient and effective in doing what they are supposed to do.

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Commissioner Moak believes everyone who is part of a neighborhood, mall or group pays to participate and everyone should pay something for those common maintenance items. Commissioner Moak does not believe the taxpayers of the Port district should pay for everything. Commissioner Moak envisions that the Port will not own any of these properties and the businesses will be able to stand on their own as part of the private sector and eventually they will make the decisions regarding the development. The Port owns the island and is the largest property owner at Columbia Gardens, therefore, we should continue to pay for the bulk of the maintenance. Eventually, the property owners will make the determination of what the level of service should be. Commissioner Moak believes everyone should pay something and the Port should engage a Property Owners Association at Columbia Gardens and start out small and move up.

Commissioner Novakovich stated the Port is trying to invigorate a once neglected part of the community. Commissioner Novakovich believes the area still has some negative perception and thinks the tenants have taken a risk to help turn the area. Those businesses are still struggling, from COVID and Commissioner Novakovich does not believe the Port should charge additional fees because we may lose them as tenants. Commissioner Novakovich stated the Port previously turned over a Property Owners Association and the property landscape was ruined. Commissioner Novakovich believes it is an undue burden to ask a small business to pay for something that they have been receiving for free, especially since most are struggling due to COVID and trying to work their way out.

Commissioner Barnes believes the Port should pursue a Property Owners Association and if it is done right now, he would like to see a pro-rata assessment for dues/assessments because the property vacancies.

Mr. Arntzen thinks we need to address this sooner rather than later, because we have someone who is interested in purchasing property at the earliest opportunity. Mr. Arntzen believes the amenities benefit the entire neighborhood and tenants should pay a pro-rata share of amenities and the more people included in the Property Owners Association, would reduce the individual burden. Mr. Arntzen stated if someone is planning on purchasing property, they need to know what the dues/assessments would be.

Mr. Peterson stated current leases could be renegotiated and the dues/assessments could be folded in; however, if a land sale is made and the Property Owners Association is not in place, it would not be subject to dues/assessments.

Commissioner Moak believes everyone should be pitching in and if we are going to move forward with a Property Owners Association, we need to get it done to be able to sell property. If the goal is to for the Port to absorb the maintenance costs, then we need to be up front in those decisions and the Port will not provide the same level of service and maintenance. Commissioner Moak believes this could be phased in with tenants and written into new lease agreements and included in property sales agreements.

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Commissioner Novakovich believes this is the wrong time to implement and stated the Port is penalizing a buyer if we add dues/assessment to the land sale when tenants aren't paying those same fees until leases are renegotiated. The Port is in the business of economic development and he does not see how we can charge for services tenants have been receiving for free.

Commissioner Barnes stated the Port needs to look at end objective for Columbia Gardens and he envisions the private sector will be the majority landowner. If that is that case, the maintenance costs for the common areas and road, should be divided amongst the surrounding property owners. Commissioner Barnes stated the Port is currently the majority owner and believes it is appropriate to put a Property Owners Association in place for the future.

Mr. Arntzen reiterated the Commission comments and will work with staff and Mr. Floyd. Mr. Arntzen anticipates a briefing that will address the Commission directive to continue with the Property Owners Association, review the amenities that are offered, and a mechanism for pro-rata share from owners/lessees.

***B. TRIDEC Letter of Support for a Representative to the Columbia Basin Collaborative***

Ms. Bader Inglima received a request from TRIDEC for a letter supporting the nomination of a utility representative to the Columbia Basin Collaborative. Ms. Bader Inglima briefed the Commission on the mission of the Columbia Basin Collaborative and inquired if the Commission would like to sign the letter.

*Commission and staff discussed the request and determined that the matter is outside the port's purview; and, as the nomination is not dependent upon the Port, it was the Consensus of the Commission to not sign the letter.*

## **PUBLIC COMMENTS**

No comments were made.

## **NON-SCHEDULED**

Mr. Arntzen commended the Commission for handling the complicated Auction issue and having two meetings within one today and commended Musser Brothers for their stellar performance. Additionally, Mr. Arntzen thanked staff for putting together this challenging meeting.

Commissioner Barnes echoed those comments for staff and their excellent work on this meeting.

## **COMMISSION COMMENTS**

No comments were made.

## **ADJOURNMENT**

With no further business to bring before the Board; the meeting was adjourned 2:59 p.m.

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**APPROVED:**

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**

DocuSigned by:

*DN Barnes*

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*Don Barnes, President*

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*Skip Novakovich*

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*Skip Novakovich, Vice President*

DocuSigned by:

**Thomas Moak**

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*Thomas Moak, Secretary*

***\*Clerks Note: There was no second to Commissioner Barnes Motion to Amend the Agenda.***

**PORT OF KENNEWICK**

**RESOLUTION No. 2021-13**

**A RESOLUTION OF THE BOARD OF COMMISSIONERS OF THE PORT OF KENNEWICK AUTHORIZING A PURCHASE AND SALE AGREEMENT FOR OAK STREET/EAST KENNEWICK INDUSTRIAL LAND SOLD BY AUCTION**

**WHEREAS**, Duane Howard and/or assigns (Purchaser), has offered to purchase approximately 26.42 acres of the area graphically depicted on “*Exhibit A*” and known as Parcel #'s: 1-0580-202-0010-005, 1-0580-201-3067-002, and 1-0580-202-0006-002 at the Port of Kennewick’s Oak Street/East Kennewick Industrial development area, in Kennewick, Washington from the Port of Kennewick (Seller) for \$800,000 plus a 7.5% (\$60,000) Buyers Premium; and


**WHEREAS**, Port staff and the Port attorney have reviewed the proposed Purchase and Sale Agreement and find it is in proper form and is in the Port’s best interest; and

**NOW, THEREFORE; BE IT HEREBY RESOLVED** that the Board of Commissioners of the Port of Kennewick hereby authorizes the Port’s Chief Executive Officer to execute a Purchase and Sale Agreement and hereby authorizes the Port’s Chief Executive Officer to execute all documents and agreements on behalf of the Port to complete the transaction as specified above.

**BE IT FURTHER RESOLVED** that the Port Commission declares that said property is surplus to the Port’s needs and the proposed sale as referenced above is consistent with all previous Port policies, including its Comprehensive Scheme of Development.

**ADOPTED** by the Board of Commissioners of the Port of Kennewick on the 20th day of July 2021.

**PORT of KENNEWICK  
BOARD of COMMISSIONERS**

By: DocuSigned by:  
  
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DON BARNES, President

By: DocuSigned by:  
  
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SKIP NOVAKOVICH, Vice President

By: DocuSigned by:  
**Thomas Moak**  
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THOMAS MOAK, Secretary

**EXHIBIT A**



Lot 1	1721 E. 3 <sup>rd</sup> Ave, Kennewick PTN: 1-0580-202-0010-005	5.0 acres	217,800 sf
Lot 2	109 S. Oak St., Kennewick PTN: 1-0580-201-3067-002	16.88 acres	735,293 sf
Lot 3	50 S. Verbena, Kennewick PTN: 1-0580-202-0006-002	4.54 acres	197,762 sf